PHILIP MORRIS USA INTER-OFFICE CORRESPONDENCE

120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: Carl Cohen DATE: April 5, 1994

FROM: Marian Halpern

SUBJECT: PHIL'S: Phoenix Focus Groups 3/28-3/30

Attached is the report from the focus groups on Phil's conducted on 3/28-3/30 in Phoenix.

The following highlights some of the key findings:

- Phil's appears to have vitality and appeal among all smoker groups exposed to the concept.
  - Marlboro and Camel smokers view Phil's as an alternate to their regular brand.
  - Discount smokers indicate Phil's would replace their current brand because it is perceived to be of higher quality than other generics.
- YAMS associate Phil's positioning with micro-breweries, Ben & Jerry's and Bartle & James.
  - This is perceived to be an anti-establishment, honest approach.
  - YAMS view Phil as a real person who is down to earth. Phil is someone with whom they can identify.
- One of the most impactful elements on the fold-out is "Phil Guarantees". Respondents were impressed by the money back guarantee and thought this was unique for the category.
- The most impactful ads are: "Phil's been burned by cheap smokes"; "Phil realizes: anybody can grow tobacco"; "Introducing Phil's Original Blend"; "Broadleaf Tobacco"; "Packed Tight"; "If you believe in it, sign it".
- Respondents indicated that the Phil's pack should be simple but distinctive -- the same as the ads. None of the packs shown universally met this criteria among respondents but certain elements of different packs were found to be consistent with the image of Phil's.

Please let me know if you have any questions.

cc: D. Beran
P. Fernandez
E. Gee
N. Lund
B. Mikulay
K. Miller
S. Norris
C. Taylor-Hines, Y&R
M. Walchak

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